

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

September 30, 2014

ASSETS

Millions of
Japanese yen

CURRENT ASSETS:	
Cash and time deposits	¥26,933
Accounts receivable - trade	153,274
Inventories	5,846
Short-term loans receivable	5,616
Other current assets	13,083
Less-Allowance for bad debts	(494)
Total current assets	<u>204,259</u>
PROPERTY AND EQUIPMENT:	
Vessels and equipment	14,494
Other	<u>2,687</u>
Total property and equipment	17,182
INTANGIBLE ASSETS:	7,137
INVESTMENTS AND OTHER ASSETS:	
Investment securities	32,493
Long-term loans receivable	36,625
Other investments	6,904
Less - Allowance for bad debts	<u>(1,655)</u>
Total investments and other assets	74,367
Total assets	<u><u>¥302,947</u></u>

** The figures are rounded down to the nearest million yen.*

LIABILITIES AND NET ASSETS

Millions of
Japanese yen

CURRENT LIABILITIES:	
Accounts payable - trade	¥139,928
Short-term loans payable	7,661
Current portion of long-term loans payable	1,928
Accrued expenses	8,985
Income taxes payable	6,311
Advances received	2,223
Accrued employees' bonuses	101
Accrued directors' bonuses	11
Provision for product warranties	4,416
Other provisions	5
Other current liabilities	3,139
Total current liabilities	<u>174,713</u>
LONG-TERM LIABILITIES:	
Long-term loans payable	14,158
Severance and retirement benefits for employees	181
Other long-term liabilities	14,278
Total long-term liabilities	<u>28,617</u>
Total liabilities	203,331
NET ASSETS	
SHAREHOLDERS' EQUITY:	
Common stock;	
authorized - 102,868,000 shares	
outstanding - 56,408,000 shares	30,122
Capital surplus	30,852
Retained earnings	28,922
Less - Treasury stock at cost	(1)
Total shareholders' equity	<u>89,895</u>
ACCUMULATED GAINS (LOSSES) FROM VALUATION	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(4)
Unrealized gains/(losses) on hedging derivative, net of tax	(8,831)
Foreign currency translation adjustments	7,419
Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(144)
Total accumulated gains (losses) from valuation	<u>(1,560)</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES:	11,280
Total net assets	<u>99,616</u>
Total liabilities and net assets	<u>¥302,947</u>

* The figures are rounded down to the nearest million yen.

MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the nine months ended September 30, 2014

	Millions of Japanese yen
SALES	¥258,380
COST OF SALES	248,214
Gross profit (loss)	<u>10,166</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	9,143
Operating profit (loss)	<u>1,023</u>
OTHER INCOME (EXPENSES):	
Interest income and dividend income	2,006
Interest expense	(537)
Equity in earnings of affiliates and unconsolidated subsidiaries	3,606
Foreign exchange gain (loss), net	540
Impairment loss	(604)
Loss on liquidation of subsidiaries and affiliates	(179)
Other, net	83
Total other income (expenses)	<u>4,915</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS:	5,938
INCOME TAXES:	
Current	7,032
Prior	(4)
Deferred	<u>(2,320)</u>
INCOME BEFORE MINORITY INTERESTS	1,231
MINORITY INTERESTS	1,224
NET INCOME	<u><u>¥6</u></u>

** The figures are rounded down to the nearest million yen.*

Net income per share ¥0.12

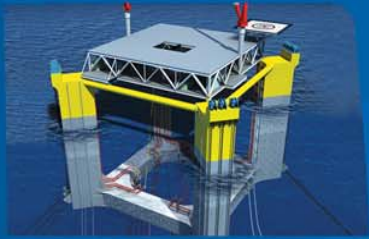
MODEC, INC. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2014

	Millions of Japanese yen
Income before minority interests	¥1,231
Other comprehensive income	
Unrealized gains/(losses) on available-for-sale securities, net of tax	(4)
Unrealized gains/(losses) hedging derivatives, net of tax	(59)
Foreign currency transaction adjustments	1,945
Retirement liability adjustments for foreign consolidated subsidiaries	0
Share of other comprehensive income of associates accounted for using equity method	(2,202)
Total	(320)
Comprehensive income	¥910
Comprehensive income attributable to owners of the parent	(¥736)
Comprehensive income attributable to owners of minority interests	¥1,647

* *The figures are rounded down to the nearest million yen.*



MODEC

2014 Third Quarter Financial Results Supplementary Presentation

November 7, 2014



2014 Third Quarter - Operations Overview

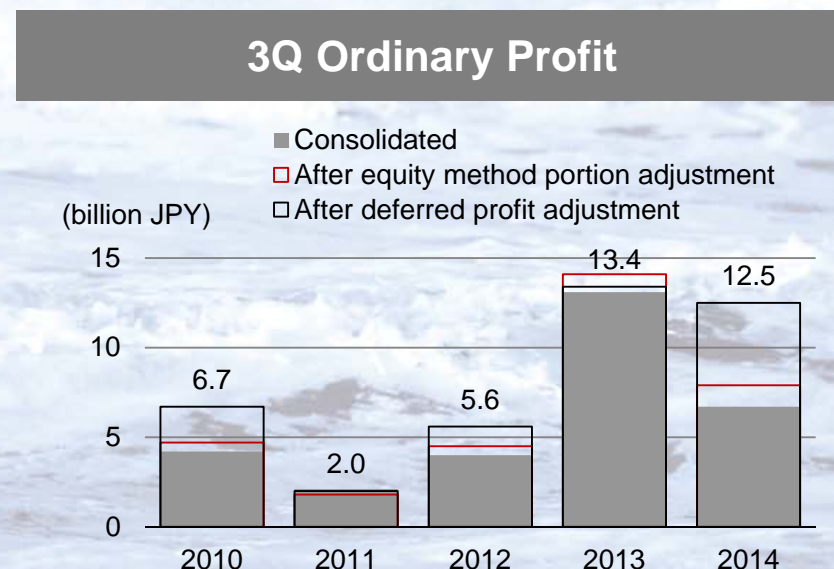
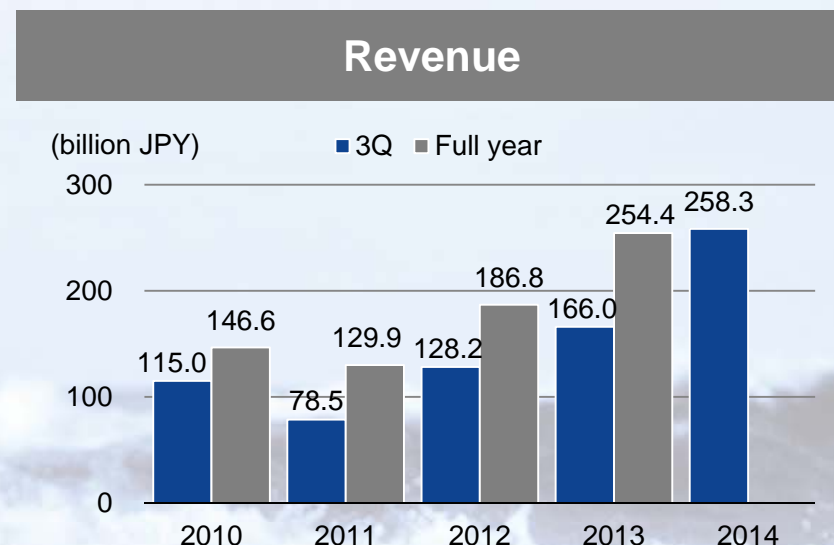
- Revenue totaled 258.3 billion yen, 55.6% increase on the same period last year

- FPSO construction progressed on schedule

- Ordinary Profit was 6.7 billion yen

- Approx. 3 billion yen of unexpected cost was incurred for troubleshooting of machinery and equipment breakdowns in the charter business in Brazil

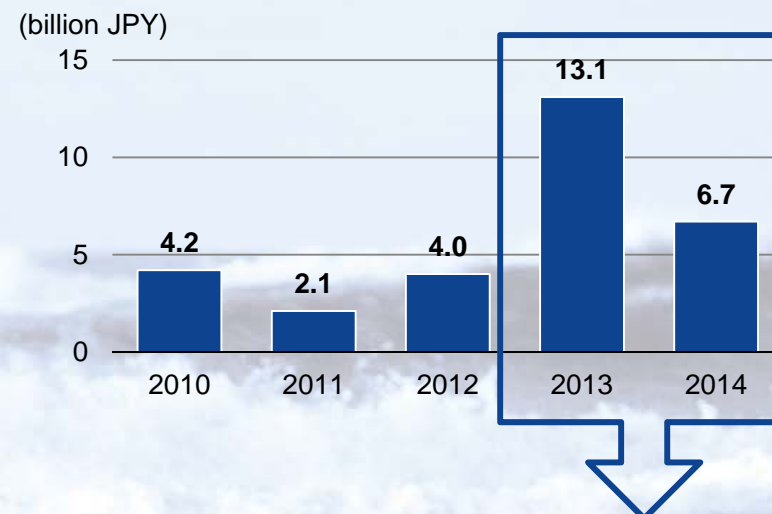
- 4.5 billion yen of profit relating to FPSO construction was deferred



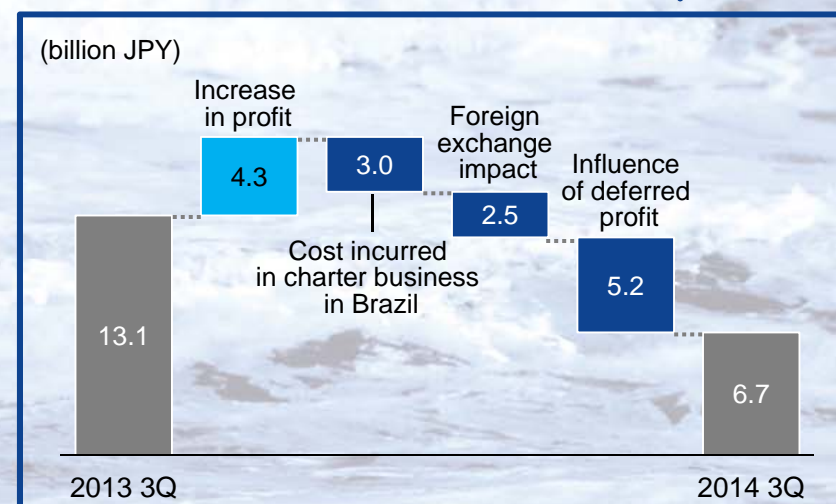
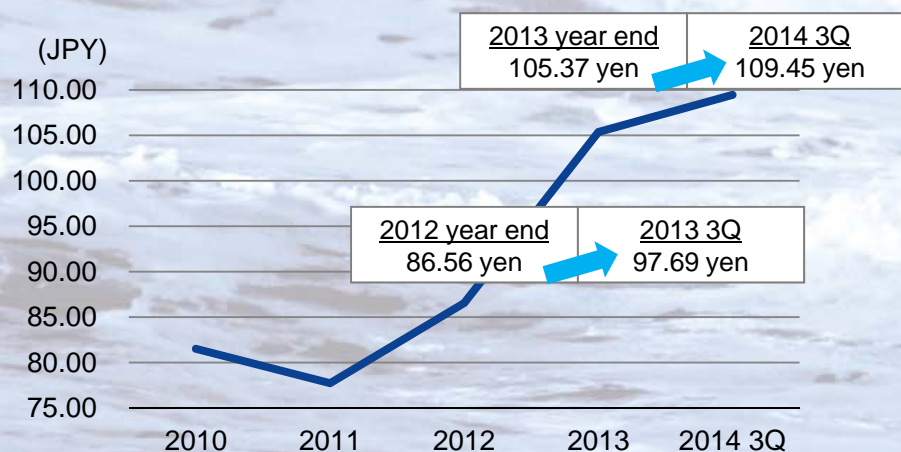
2014 Third Quarter - Operations Overview

- Profit deferred during the construction phase of FPSO MV24 will be realized in 4Q 2014 due to the commencement of charter service. In 3Q 2014, profit was depressed by the influence of deferred profit of MV24 project.
- 2014 3Q exchange rate = 109.45 yen vs. 2013 3Q exchange rate = 97.69 yen

3Q Ordinary Profit

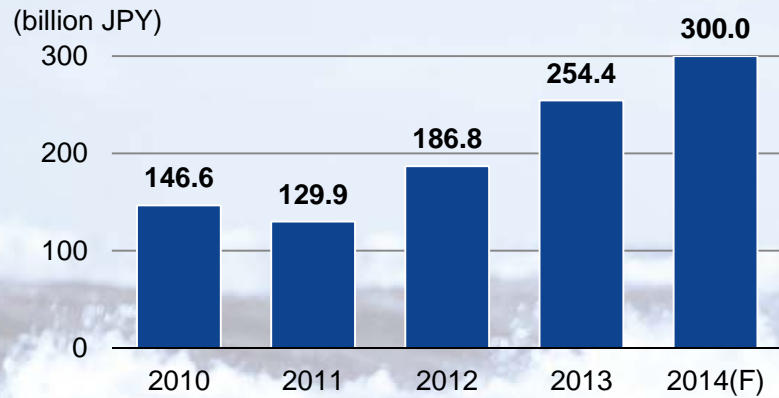


Exchange Rate on Closing Dates (\$/¥)

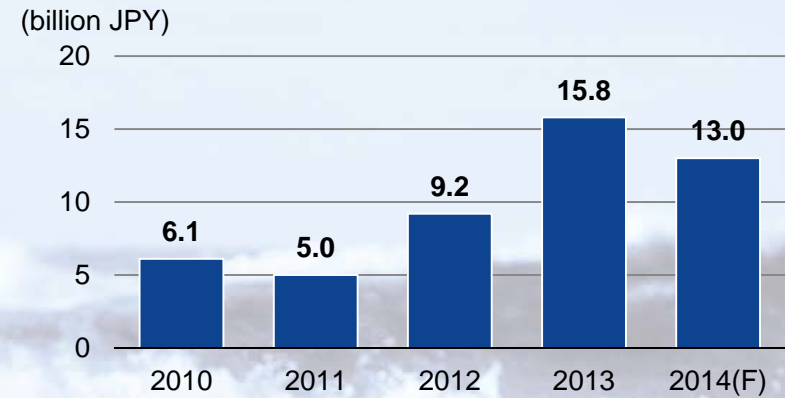


2014 Financial Forecast

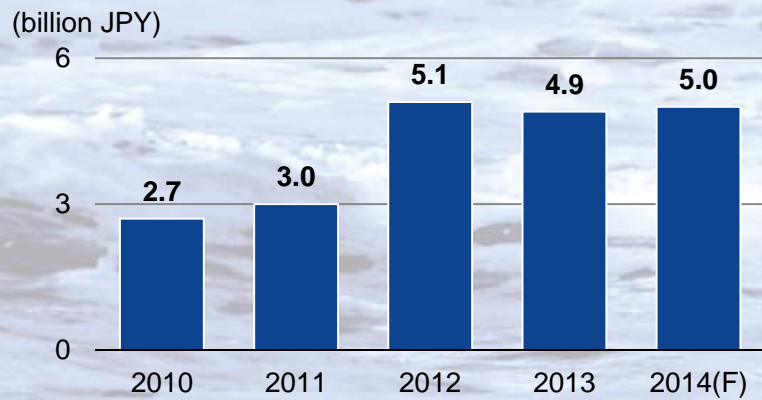
Revenue



Ordinary Profit



Net Income



Exchange Rate on Closing Dates (\$/¥)

